Canadian Northern Economic Development Agency

2013–14

Departmental Performance Report

The Honourable Leona Aglukkaq, P.C., M.P.
Minister of the Environment, Minister of the Canadian Northern Economic Development Agency and Minister for the Arctic Council

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Table of Contents

Forward v

Minister's Message 1

President's Message 3

Section I: Organizational Expenditure Overview 5
- Organizational Profile 5
- Organizational Context 6
- Actual Expenditures 17
- Alignment of Spending with the Whole-of-Government Framework 19
- Departmental Spending Trend 20
- Estimates by Vote 20

Section II: Analysis of Programs by Strategic Outcome 21
Strategic Outcome 21
- Program 1.1: Business Development 22
- Sub-Program 1.1.1: Innovation and Knowledge 23
- Sub-Program 1.1.2: Entrepreneurship 25
- Sub-Program 1.1.3: Sectoral Development 26
- Program 1.2: Community Development 28
- Sub-Program 1.2.1: Aboriginal Economic Development 31
- Sub-Program 1.2.2: Capacity and Skills Development 32
- Sub-Program 1.2.3: Infrastructure 34
- Program 1.3: Policy, Advocacy and Coordination 37
- Sub-Program 1.3.1: Policy 39
- Sub-Program 1.3.2: Advocacy 41
- Sub-Program 1.3.3: Coordination 43

Internal Services 45

Section III: Supplementary Information 47
- Financial Statements Highlights 47
- Financial Statements 48
- Supplementary Information Tables 48

Section IV: Organizational Contact Information 49

Appendix: Definitions 51

Endnotes 55

Foreword

Departmental Performance Reports are part of the Estimates family of documents. Estimates documents support appropriation acts, which specify the amounts and broad purposes for which funds can be spent by the government. The Estimates document family has three parts.

Part I (Government Expenditure Plan) provides an overview of federal spending.

Part II (Main Estimates) lists the financial resources required by individual departments, agencies and Crown corporations for the upcoming fiscal year.

Part III (Departmental Expenditure Plans) consists of two documents. Reports on Plans and Priorities (RPPs) are expenditure plans for each appropriated department and agency (excluding Crown corporations). They describe departmental priorities, strategic outcomes, programs, expected results and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. Departmental Performance Reports (DPRs) are individual department and agency accounts of actual performance, for the most recently completed fiscal year, against the plans, priorities and expected results set out in their respective RPPs. DPRs inform parliamentarians and Canadians of the results achieved by government organizations for Canadians.

Additionally, Supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or were subsequently refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt, and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an appropriated organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

The Treasury Board *Policy on Management, Resources and Results Structures* further strengthens the alignment of the performance information presented in DPRs, other Estimates documents and the Public Accounts of Canada. The policy establishes the Program Alignment Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and parliamentary reporting. The same reporting structure applies irrespective of whether the organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013–14 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources and performance information in Section II at the lowest level of the organization's Program Alignment Architecture.

In addition, the DPR's format and terminology have been revised to provide greater clarity, consistency and a strengthened emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization's website. Finally, definitions of terminology are now provided in an appendix.

Minister's Message

As Minister of the Canadian Northern Economic Development Agency (CanNor), I am pleased to present to Parliament, and to Canadians, the 2013-14 Departmental Performance Report.

Economic growth in the North continues to outperform other parts of Canada, as well as the rate of national Gross Domestic Product (GDP). Just last year, the territories' economy grew by 4.6% with Nunavut experiencing the largest gains at 10.5%.

To build on this economic success, CanNor continues to make significant investments in the North under a new, comprehensive Northern Aboriginal Economic Opportunities Program, which better supports increased participation of Aboriginal Canadians in the economy.

We are making additional investments to strengthen key sectors of the economy, such as tourism and resource development, through the Strategic Investments in Northern Economic Development program, which was subsequently renewed in the Economic Action Plan 2014, while upgrading critical infrastructure to support economic growth through the Community Infrastructure Improvement Fund.

The Agency's Northern Projects Management Office (NPMO) continues to focus on moving new projects through the northern regulatory systems while ensuring people living nearby can benefit from future development.

CanNor headed an international Task Force, under the auspices of the Canadian chairmanship of the Arctic Council, to help develop the Arctic Economic Council. The Arctic Economic Council, which held its inaugural meeting in Iqaluit, Nunavut at the beginning of September will facilitate an Arctic-to Arctic dialogue which will allow Northerners to share best practices and information while fostering northern business development.

With these highlights in mind, I encourage you to read further about how CanNor continues to advance economic development and long-term prosperity for Northerners.

The Honourable Leona Aglukkaq, P.C., M.P.
Minister of the Environment, Minister of the Canadian Northern Economic Development Agency and Minister for the Arctic Council

President's Message

As President, I am pleased to report on CanNor's accomplishments and on the programs and services that were delivered in 2013-14 in collaboration with northern partners.

CanNor's contribution programs invested over $37 million in 167 economic development projects. These programs included Strategic Investments in Northern Economic Development and the Northern Adult Basic Education Program. The Aboriginal economic development programs were harmonized under the Northern Aboriginal Economic Opportunities Program to better support increased participation of Aboriginal Canadians in economic opportunities in the North. In 2013-14, the Agency also delivered the Community Infrastructure Improvement Fund for the last year of this two-year program. Investments through these programs helped to grow and diversify the economy and economic opportunities in Canada's North. Our programs provided support for community involvement in major resource development projects, contributed to business capacity and innovation, enhanced participation in local labour markets, and helped to improve infrastructure such as day care centres and community centers. Other activities included the development of a new Strategic Framework[1] that outlines the role and contribution of the Agency in northern economic development.

CanNor's Northern Projects Management Office (NPMO) advanced responsible resource development across the three territories. The NPMO successfully assisted five projects through the environmental assessment phase and on to the permitting stage. Agreements to formalize collaborative relationships were signed with key northern partners to advance resource development, and to ensure benefits to communities from major projects. Also, a Community Readiness Initiative was launched that enables the Agency to work with several communities across the North to support pre-development planning to maximize the benefits that resource development can offer to local economic development.

I invite you to read further about the Agency's collaboration with northern partners as we work to help develop and diversify the economy and support northern prosperity.

Janet King
President

Section I: Organizational Expenditure Overview

Organizational Profile

Minister: The Honourable Leona Aglukkaq, P.C., M.P.

Deputy Head: Janet King

Ministerial Portfolio: Canadian Northern Economic Development Agency

Enabling Instrument: Public Service Rearrangement and Transfer of Duties Act, R.S.C. 1985, c. P-34.[2]

Year of Incorporation / Commencement: 2009

Head Office:
Allavvik Building
1106 Inuksugait Plaza IV
Iqaluit (Nunavut) X0A 0H0
Canada

Web Site: CanNor[3]

Organizational Context

Raison d'être

Contributing to jobs and growth in Canada, the Canadian Northern Economic Development Agency (CanNor) works to develop a diversified, sustainable and dynamic economy across Canada's three territories. It does this by delivering economic development programs, undertaking policy and research, and collaborating with and aligning the efforts of other federal departments, territorial governments, Aboriginal organizations, and industry. This is particularly the case in resource development through its Northern Projects Management Office.

Responsibilities

As the only federal department headquartered in the North (Iqaluit, Nunavut), CanNor offers a unique perspective and value added to the federal government's efforts to advance the socio-economic component of the Northern Strategy. The Agency does this by providing contribution funds to help develop and diversify the economy and support northern prosperity, and by aligning and leveraging the efforts of all federal government departments whose operations impact the North's economic development. This work is enhanced by coordinating federal approaches with those being adopted by territorial governments, communities, Aboriginal organizations and the private sector.

CanNor brings partners together so that investments can be leveraged, ideas and insights exchanged, knowledge shared, and efforts coordinated. Major resource development projects are the largest driver of economic development in the North, and CanNor's NPMO provides single-window path-finding through the federal regulatory system and issues management for industry at all stages of resource development. Support is also provided to Aboriginal organizations that play a key role in the consideration of these projects. This NPMO work often begins during the project exploration phase and takes on even greater importance during environmental assessment and regulatory permitting. NPMO coordinates federal regulators to ensure the timeliness, transparency and predictability of regulatory efforts, as well as overseeing the Crown's Aboriginal consultations. NPMO also partners with communities to foster their readiness to maximize the positive impacts of these projects, while working collaboratively to minimize and mitigate risks.

The Agency has a suite of contribution programs, which include the Strategic Investments in Northern Economic Development (SINED) program, the Northern Adult Basic Education Program (NABEP), and the Northern Aboriginal Economic Opportunities Program (NAEOP). During 2013-14, Aboriginal economic development programs were harmonized under NAEOP to better support increased participation of Aboriginal Canadians in economic opportunities in the three territories. The Agency also delivered a national program that supports infrastructure development, the Community Infrastructure Improvement Fund (CIIF). CanNor investments from these programs can be the impetus to get a business started or expanded. They can help a community plan to benefit from upcoming economic opportunities. They can support a wide range of studies and projects from physical infrastructure to preparing individuals to enter the workforce.

Often, these investments are a catalyst to others to invest additional funds in support of CanNor funding – a reflection of the importance of partnerships and aligning efforts that is characteristic of working in the North. CIIF funding, and the majority of SINED funding, sunset in 2013-14. Sunsetting programs are subject to government decisions to extend, reduce, or enhance funding. Outcomes of such decisions would be reflected in the Agency's future budget exercises and Estimates documents.

The Agency's pan-northern perspective and knowledge of the North are at the core of its efforts to champion the economic interests of the North within and outside the federal government. Complementing CanNor's contribution programs and NPMO, the Agency uses its policy and research capacity to examine and assess economic issues and opportunities. This informs the federal perspective on northern economic development and influences CanNor's and other government departments' response to challenges and opportunities.

Strategic Outcome(s) and Program Alignment Architecture

1. Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners.

1.1 Program: Business Development

1.1.1 Sub-Program: Innovation and Knowledge

1.1.2 Sub-Program: Entrepreneurship

1.1.3 Sub-Program: Sectoral Development

1.2 Program: Community Development

1.2.1 Sub-Program: Aboriginal Economic Development

1.2.2 Sub-Program: Capacity and Skills Development

1.2.3 Sub-Program: Infrastructure

1.3 Program: Policy, Advocacy and Coordination

1.3.1 Sub-Program: Policy

1.3.2 Sub-Program: Advocacy

1.3.3 Sub-Program: Coordination

Internal Services

Organizational Priorities

Organizational Priorities

Priority	Type[1]	Strategic Outcome
Strengthening the northern economy, including by focusing on key relationships	Ongoing	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

Resource Development: CanNor carried out analytical work to identify infrastructure and labour market needs as they relate to proposed major resource development projects, and developed community infrastructure profiles to better identify strengths and opportunities.

Through the NPMO, CanNor developed internal analytical tools such as the Socio-Economic Indicators Database, used to inform investment and decision making under the Community Readiness Initiative, a new initiative that supports communities in a planning process to maximize the positive economic impacts of major projects, while minimizing any adverse consequences. An additional analytical tool used to inform CanNor's regulatory coordination and policy decision making is the NPMO Projects and Partnerships Database. This tool is used to track projects, record industry interactions and follow specific project issues as well as more general industry issues, thus providing a foundation for analysis.

The NPMO has also taken on a research agenda focused on increasing the attractiveness of investment in the resource development sector in Canada's North. This has included the development of the Foreign Direct Investment initiative, a research and advocacy project that looks to attract investment in the globally competitive resource capital marketplace. The research has included comparative analysis of taxation policy, regulatory policy, and barriers to investment.

Communications: In 2013-14, CanNor renewed the content and structure of its external website. A new client-centred website was launched in December 2013, with robust information on CanNor programs and services. Updates were made to provide timely and relevant information to clients and partners. The website provides links and useful information on a broad range of socio-economic topics linked to the CanNor mandate and the North in general. A new brochure to provide information on programs and services to

1. Type is defined as follows: previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; ongoing—committed to at least three fiscal years prior to the subject year of the report; and new—newly committed to in the reporting year of the RPP or DPR. If another type that is specific to the department is introduced, an explanation of its meaning must be provided.

clients and Canadians was made available at trade shows, conferences and other outreach events. CanNor officials and the Minister attended more than a dozen conferences and trade shows in the North and across Canada, communicating the priorities and accomplishments of the Agency to foster a prosperous North. The Agency also supported ministerial consultations to engage key northern stakeholders on issues of interest.

Contribution Programs: CanNor completed an evaluation of the SINED program in 2013-14 prior to the program's scheduled sunset in March 2014. Another program scheduled to sunset in March 2014 is CIIF. Sunsetting programs are subject to government decisions to extend, reduce, or enhance funding. Outcomes of such decisions would be reflected in the Agency's future budget exercises and Estimates documents.

The harmonized Northern Aboriginal Economic Opportunities Program (NAEOP) was approved to replace the previous suite of Aboriginal Economic Development programs. NAEOP is opportunity-driven, focused on results and geared toward maximizing economic opportunities for Aboriginal communities and businesses. The program is comprised of two streams: Community Readiness and Opportunities Planning (CROP), focused on community planning for economic opportunities; and Entrepreneurship and Business Development (EBD), supporting Aboriginal entrepreneurship and business development.

Advocacy: Within the federal government, the Agency works to ensure that a northern lens is applied to federal public policy analysis, considerations, and advice initiated by other departments that could impact the North. At the same time, interdepartmental structures are leveraged to strengthen bilateral relationships and encourage shared initiatives. For example, CanNor provided analysis and input to Infrastructure Canada and P3 Canada to expand the eligibility criteria for their funding programs to include Inuit and self-governing First Nations and to incorporate northern considerations into program design related to the New Building Canada Fund. The Agency also collaborated with Industry Canada on developing options for expanding broadband access and availability in the territories.

Priority	Type	Strategic Outcome
Advancing major project development in the North	Ongoing	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

Coordination and engagement of the federal family is a key component to ensuring a whole-of-government approach to resource development in the territories. To advance this coordinated approach, NPMO organized and chaired eight Resource Development Advisory Groups (RDAGs) in 2013-14. RDAGs enable proponents to present their proposed projects to, and seek feedback from, the relevant regulatory boards and federal and territorial departments and agencies in advance of entering the review process. Project committees, chaired by NPMO, met through the year in Yukon, Northwest Territories and Nunavut. These forums allow representatives from the federal, territorial and regulatory boards to convene and discuss issues related to the review process. Project-specific technical working groups related to particular aspects of a project were also organized to facilitate the sharing of information between the proponents, federal and territorial departments, Aboriginal governments and organizations, and the appropriate review board. As of March, 2014, the NPMO portfolio consisted of 32 projects, representing $26.8 billion dollars in capital investment and over 11,000 operating jobs.

The Community Readiness Initiative, which received funding through Aboriginal Affairs and Northern Development Canada's (AANDC's) Strategic Partnership Initiative, is helping communities plan and prepare for major resource development prior to projects moving through the regulatory process. This initiative was designed to bring together partners in resource development, including the territorial and federal governments, Aboriginal leadership and project proponents, who together plan on how to maximize the positive socio-economic impacts of major projects.

NPMO moved from the development stage to the implementation stage of the Community Readiness Initiative and engaged in extensive socio-economic data gathering to inform decision making under the initiative. To this end, NPMO met with communities to develop community readiness plans and signed seven community readiness agreements.

Additionally, NPMO supported a whole-of-government approach to Aboriginal consultation through the establishment of the federal Northern Directors General Working Group. This group ensures effective coordination of emerging issues, particularly during project reviews and federal decision making on projects.

Priority	Type	Strategic Outcome
Effective financial management	Ongoing	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

CanNor continues to improve its financial reporting to ensure effective financial control and monitoring. The implementation of new financial and travel systems at the end of 2013-14 helps to ensure rigorous controls over financial management and reporting. This work responds to audit findings and other reporting and control risks.

CanNor maintains Memoranda of Understanding (MOUs) with other departments (Aboriginal Affairs and Northern Development Canada, Justice Canada, Public Works and Government Services Canada and Health Canada) for financial systems and processing, administration, human resources services and legal support. The Agency has increased management focus on these services to ensure better planning and monitoring of the costs and nature of the services received.

Priority	Type	Strategic Outcome
Excellence in people management	Ongoing	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

A culture of excellence continues to be promoted and supported through implementation of the human resources themes in CanNor's Action Plan in response to the 2011 Public Service Employee Survey. These include the update and completion of the Strategic and Operational Human Resources Plan and Inuit Employment Plan to ensure that the Agency's people management priorities are aligned with organizational goals, with a particular focus on Inuit and Aboriginal employment in the North. Performance agreements were also put in place for employees, and financial resources were provided to support employees with their learning and development.

CanNor took steps toward meeting obligations outlined in Article 23, "Inuit Employment within Government", of the Nunavut Land Claims Agreement (NCLA) through the development of the Inuit Learning and Development Pilot (ILDP) program. The Agency partnered with other federal departments in Nunavut, the Government of Nunavut (GN)

and the Nunavut Tunngavik Inc. (NTI) to support Inuit developing skills for potential employment in the public service in Nunavut through the ILDP program. During the reporting year, 14 Inuit benefitted from the ILDP program by receiving assignments which provided on-the-job training opportunities.

Priority	Type	Strategic Outcome
Improving business processes, program and service delivery	Ongoing	Developed and diversified territorial economies that support prosperity for all Northerners

Summary of Progress

What progress has been made towards this priority?

As identified in the Management Action Plan[4] which was developed in response to an audit conducted by the Office of the Auditor General (OAG) in 2013-14, CanNor has addressed concerns raised regarding contribution programs delivery.

During the reporting year, CanNor developed new on-line application forms which assist recipients to provide required information for project assessment. Economic Development Officers (EDOs) were trained for program renewal roll-out and implementation. A comprehensive toolkit which contains program terms and conditions, guidelines, checklists, forms, templates, application processes, and procedures and service standards was made available to all EDOs.

CanNor's performance measurement strategies and indicators are updated systematically as programs are renewed. This ensures that these performance measurement strategies and indicators are kept current and up to date, while meeting the Agency's monitoring needs. A tracking instrument, entitled the Operations Tracking and Reporting Tool (OpSTART), was initiated. OpSTART tracks project performance, produces reports on the status of projects, and tracks service standards.

Risk Analysis

Business development in the North is challenging due to the complexities related to remote communities, a sparse population, and dependence on natural resource extraction and associated challenges such as under-developed infrastructure and labour market gaps.

Program delivery in the North requires a strong focus on risk management and mitigation. The following risks were identified in the Agency's 2013-14 Report on Plans and Priorities (RPP).

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Alignment of CanNor Activities with Priorities and Needs: CanNor must give careful consideration to aligning activities, priorities and resources to meet service expectations and organizational priorities. Risks relate to ensuring that scarce resources are allocated to priority activities and need to be aligned with the complex and fast-changing northern economy.	Mitigation begins with maintaining a strong understanding of the changing economic dynamics in each of the territories. This feeds into CanNor's business planning cycle, which is guided by its Program Alignment Architecture and established business lines. The Agency implemented standardized business processes and built its policy and economic research functions to establish goals and priorities. Effective internal and external communications were used as a key tool for ensuring alignment.	• Policy, Advocacy and Coordination; • Business Development; • Community Development; and • Internal Services.
Performance Measurement: The ability to measure performance is critical. For contribution funding, CanNor relies on recipients to capture performance measurement information and report it to the Agency. Because of a variety of data collection methodologies and the lack of capacity and resources to collect and interpret performance data, adequate performance measurement has proven to be challenging.	CanNor streamlined its performance measurement framework to better capture activities related to its mandate and program activities. An emphasis was placed on data collection capacity. During the reporting year, the Agency developed new mechanisms to gather program performance data using clear and simple procedures, forms and	• Policy, Advocacy and Coordination; • Business Development; • Community Development; and • Internal Services.

Improved performance measurement is also required for the Agency's other functions, including policy, advocacy, coordination and internal services. It is a foundation for continuous improvement efforts within the Agency.	processes. This data gathering will be implemented in 2014-15. In addition, the Agency will continue to consider better ways to capture metrics in concert with other RDAs and Shared Services Canada (SSC).	
Operational Environment: The North has great economic potential; however, there are challenges to delivering economic development programming and regulatory coordination in the Arctic. Disruptions in global economic growth can weaken demand for commodities exported from the North. While Canada's North is endowed with bountiful natural resources, it is greatly impacted by the rise and fall of commodity prices. Gaps in infrastructure and the high cost of doing business in the North are also factors affecting the pace of responsible resource development in the region.	CanNor continues to undertake research and engagement to foster its in-depth understanding of the changing northern context and the impacts of the global economy.	• Policy, Advocacy and Coordination; • Business Development; and • Community Development.
Relationships with Clients, Partners and Stakeholders: CanNor has a number of complex relationships with clients, partners, and stakeholders. For example, CanNor makes significant efforts to align its program investments with those of other parties to leverage funds and build on synergies. As well, the Agency works to	CanNor continues to work with partners across the territories to share economic development priorities and seek opportunities to invest in common projects. The Agency has established networks of collaboration with federal and territorial departments, and with other key partners (e.g., the Canadian Chamber of	• Policy, Advocacy and Coordination; • Business Development; • Community Development; and • Internal Services.

integrate economic development strategies within the federal government, across jurisdictions, and with other key economic players, including the private sector and Aboriginal communities. This increases the complexity of CanNor's efforts and puts additional pressure on its ability to establish, maintain and strengthen relationships with its clients, partners and stakeholders.	Commerce's territorial policy committee), to advance horizontal initiatives collaboratively. The NPMO maintains and develops a variety of tools to coordinate federal regulatory activities relating to major projects in the North, while strengthening its relationship with all partners involved in advancing resource development. To further help mitigate this risk, the Agency employs a proactive external communications approach.	
Legal, Statutory and Land Claims: Legal and statutory risks relate to legislation, regulation, court decisions, major policy initiatives and constitutionally protected comprehensive land claim agreements, as well as First Nations government arrangements. A number of policies and legislative requirements set the context for CanNor's functions, as do the terms of Aboriginal land claims and self-government agreements in the North. These circumstances also influence the regulatory environment in which the Agency must operate.	CanNor maintains internal practices and models for business delivery to align with statutory and other legal requirements. CanNor also ensures that these practices reflect the role played by comprehensive land claims and Aboriginal self-government agreements in the North. This is particularly the case where CanNor's NPMO coordinates federal efforts around major projects as it acts as the Crown consultations coordinator.	• Policy, Advocacy and Coordination; • Business Development; • Community Development; and • Internal Services.

Given the complex and fast-changing economic conditions which are unique to each territory, it is important for the Agency to maintain a strong understanding of economic dynamics. Recognizing this as a risk and having mitigation measures in place enables the Agency to effectively align its activities, priorities and resources to meet expectations and needs in the North.

Effective performance measurement data provides critical information needed for the successful delivery of contribution programming. The Agency's efforts to streamline its performance measurement framework to better capture activities and the development of tools to gather data are key steps being taken to address this risk. In addition, the Agency will continue to consider better ways to capture metrics in concert with other RDAs and SSC.

There is a large scope of economic challenges and opportunities in the North. Economic development is an outcome that is subject to external market forces. Small-scale business development is inherently a challenge and supporting these initiatives can result in challenges to delivering expected outcomes. Disruption to global economic growth can weaken demand for northern commodities, which can be critical to future large-scale economic development across the North. Likewise, limited northern infrastructure and labour market challenges further exacerbate risk. Actively engaging with partners in the North, maintaining a well-informed workforce, and policy and research efforts all help to foster in-depth understanding of the changing northern economic context which provides a foundation for the Agency's work.

CanNor works to nurture partnerships by fostering good relationships with stakeholders, clients, and partners. Working in partnership can create risks. For example, the time that it takes to generate consensus among parties can result in windows of opportunity being missed. Partners may experience capacity or operational challenges and this can increase the risk to the shared goals of all partners. Communication efforts are made to reach out to potential partners and raise awareness of the scope of CanNor's activities. The Agency ensures that a northern lens is applied to federal public policy initiated by other departments that could impact the North, and interdepartmental structures are leveraged to strengthen bilateral relationships and encourage shared initiatives. In the regions, CanNor staff reaches out to communities and businesses to seek new partners and enhance existing relationships with organizations, including the territorial governments. This approach is reflected in how often a CanNor investment is supplemented by that of a partner. Aboriginal partnerships are also an underlying focus. Another example of partnership is reflected in NPMO activities through the use of MOUs and the Community Readiness Initiative.

Legal and statutory risk relates to legislation, regulation, court decisions, major policy initiatives and, in the case of CanNor, constitutionally protected comprehensive land claim agreements as well as Aboriginal government agreements in the North. These agreements also influence the regulatory environment in which the NPMO must operate. Therefore, CanNor factors legal risk into its activities. The Agency is engaged in ongoing dialogue with Aboriginal stakeholders and the NPMO plays a key role in coordinating Aboriginal consultation for major projects. CanNor also took a leadership role with the development of the ILDP program, which helps the Government of Canada meet its responsibilities under Article 23 of the NLCA.

Actual Expenditures

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	Difference (actual minus planned)
51,791,133	51,791,133	54,315,827	50,779,478	(1,011,655)

The increase in the Total Authorities Available for Use versus Planned Spending was related to the first year of new funding for the NPMO of $1.7 M, and carry-forward of funds of $0.7 M from the previous fiscal year. Actual Spending was lower because some contribution funds were not distributed and there were lower operating costs due to delayed staffing. Because CanNor's funding programs are proposal-driven, some years some programs may be over-subscribed or, as was the case in 2013-14, under-subscribed. In addition, actual spending related to NPMO and other CanNor salary costs were lower than anticipated due to the timing of the funding and the associated ramping up of activities in the northern offices. More details are provided below in the Performance Summary Tables.

Human Resources (Full-Time Equivalents [FTEs])

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
70	78	8

The difference between the planned and actual FTE count is due to the additional funding for the NPMO.

For Program 1.1: Business Development and Program 1.2: Community Development and their related Sub-Programs, FTEs are allocated based on the proportionate share of the contribution funding. For Program 1.3: Policy, Advocacy and Communications, the FTEs are divided equally over the three Sub-Programs.

Budgetary Performance Summary for Strategic Outcomes and Programs (dollars)

Strategic Outcome(s), Program(s) and Internal Services	2013–14 Main Estimates	2013–14 Planned Spending	2014–15 Planned Spending	2015–16 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2012–13 Actual Spending (authorities used)	2011–12 Actual Spending (authorities used)
Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners								
Business Development	22,607,000	22,607,000	4,179,978	4,188,212	22,871,242	21,079,728	22,424,611	22,774,600
Community Development	20,357,119	20,357,119	18,076,717	15,068,483	21,121,362	19,798,350	20,641,500	13,984,233
Policy, Advocacy and Coordination	2,305,000	2,305,000	4,256,120	4,646,108	4,136,492	3,226,458	2,006,185	1,965,563
Subtotal	45,269,119	45,269,119	26,512,815	23,902,803	48,129,096	44,104,536	45,072,296	38,724,396
Internal Services Subtotal	6,522,014	6,522,014	4,432,950	4,432,950	6,186,731	6,674,942	7,316,314	9,875,295
Total	51,791,133	51,791,133	30,945,765	28,335,753	54,315,827	50,779,478	52,388,610	48,599,691

Relative to 2013-14, Planned Spending starting in 2014-15 is lower due to sunsetting of SINED program funding, which includes $17 M in contribution funds and $2.9 M in operating funds, and sunsetting of CIIF funds of $3.2 M. The variance also includes new NPMO spending of $2.2 M and other smaller offsetting adjustments.

Sunsetting programs are subject to government decisions to extend, reduce, or enhance funding. Outcomes of such decisions would be reflected in the Agency's future budget exercises and Estimates documents.

The Planned Spending starting in 2015-16 is lower due to the phased decrease in NABEP funding ($3 M), offset by a further increase in NPMO funding ($0.4 M) and other minor adjustments.

Most of the increase in the Total Authorities Available for Use in 2013-14 relative to 2013-14 Planned Spending was related to new funding for the NPMO. The total new funding for NPMO by year is as follows: $1.7 M in 2013-14, $2.2 M in 2014-15 and $2.6 M in 2015-16. The lower Actual Spending in 2013-14 is mostly because of the delay in ramping up the NPMO and other delays in staffing, as well as the lower than expected contribution spending.

Alignment of Spending with the Whole-of-Government Framework

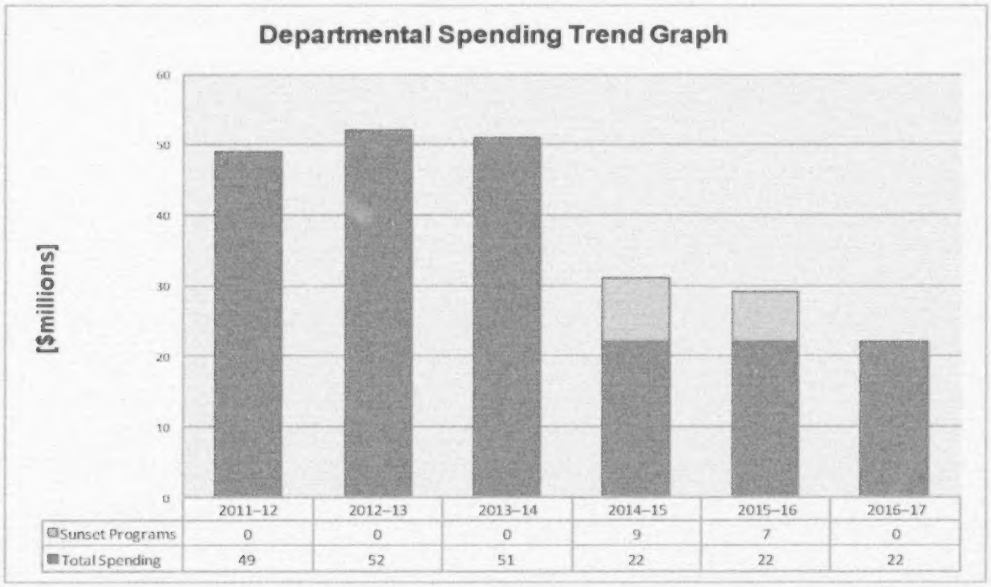
Alignment of 2013–14 Actual Spending with the Whole-of-Government Framework[5] (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2013–14 Actual Spending
Developed and diversified territorial economies that support prosperity for all Northerners	Business Development	Economic Affairs	Strong Economic Growth	21,079,728
	Community Development	Economic Affairs	Strong Economic Growth	19,798,350
	Policy, Advocacy and Coordination	Economic Affairs	Strong Economic Growth	3,226,458

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending	Total Actual Spending
Economic Affairs	45,269,119	44,104,536
Social Affairs		
International Affairs		
Government Affairs		

Departmental Spending Trend



The following changes impacted the spending trend between 2011-12 and 2016-17:

- one-time funding of $1.2 million for the Nutrition North Program in 2011-12;
- one-time spending of $2 million for the Iqaluit office construction in 2011-12;
- spending of $3.2 million per year in 2012-13 and 2013-14 for the CIIF;
- spending for the Northern Adult Basic Education Program ($2 million in 2011-12, $7 million per year from 2012-13 to 2014-15, and $4 million in 2015-16);
- streamlining and efficiency measures that resulted in a reduction of $2.4 million in 2013-14;
- lapsing of contribution and operating funds, which varies from year to year; and
- increased spending for the Northern Projects Management Office, which was approved in 2013-14 ($1.7 million in 2013-14, $2.2 million in 2014-15 and $2.6 million in 2015-16).

The $19.8 million decrease in funding between fiscal years 2013-14 and 2014-15 is due to the scheduled sunsetting of programs in March 2014. This did not reflect renewal of the SINED Program in the Economic Action Plan 2014.

Sunsetting programs are subject to government decisions to extend, reduce, or enhance funding. Outcomes of such decisions would be reflected in the Agency's future budget exercises and Estimates documents.

Estimates by Vote

For information on Canadian Northern Economic Development Agency (CanNor) Votes and statutory expenditures, consult the *Public Accounts of Canada 2014* on the Public Works and Government Services Canada website.[6]

Section II: Analysis of Program(s) by Strategic Outcome

Strategic Outcome: Developed and diversified territorial economies that support prosperity for all Northerners

Performance Measurement

Performance Indicators	Targets	Actual Results
Economic Development and Northern Prosperity: Positive change in the Northern Economic Index (NEI)	Index score of 25 or higher	Index Score of 15

The Northern Economic Index is constructed on a 0 to 35-point scale and comprises annual changes in seven indicators of the state of the economy in the three territories that illustrate the situation of the labour market, financial well-being of Northerners, fiscal health/self-sufficiency of territorial governments, investments in the territories, as well as the status of business activity.

One of NEI's seven indicators is territorial trade balance. Given the scheduled release of current year's trade balance data, previous year's figures were used for the purpose of constructing the Northern Economic Index for 2013.

The NEI score of 15 suggests that in 2013 there was a moderate economic expansion in the North. The territories demonstrated consistent employment growth, a decrease in the unemployment rate and an increase in average weekly earnings and personal disposable income.

Weaker commodity prices (base and precious metal prices, in particular) and tight capital markets for the junior exploration companies held back mineral exploration and appraisal spending across the North, similar to other regions of Canada. As a consequence, the slowdown in mineral exploration activities had a detrimental effect on own-source revenues generated by the territorial governments. At the same time, weak mineral exploration activities, coupled with steady level of exports, contributed to the reduction of the trade deficit in the North.

Program 1.1: Business Development

Description: Supports the growth and expansion of northern businesses, including small and medium enterprises, through training, advisory services, and grants and contributions. The program activity's objective is to encourage a competitive, diverse Northern business sector with a strengthened capacity for innovation.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
22,607,000	22,607,000	22,871,242	21,079,728	(1,527,272)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
15	16	(1)

The $1.5 M difference between Actual Spending and Planned Spending is a result of some of the total contribution funding available not having been distributed during the year. CanNor's funding programs are proposal-driven; therefore, some years some programs may be over-subscribed or, as is the case in 2013-14, under-subscribed.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increasing northern business and economic activity	Growth in employment	Growth rate that is equal to or better than the Canadian annual growth rate	-1.6% growth rate in territories versus -0.3% for all of Canada

Performance Analysis and Lessons Learned

While some areas of the North experienced positive changes in employment, others did not fare as well in terms of reporting annual employment growth rate. This could be attributed to a short-term contraction in the labour force in addition to growth in population outpacing the number of emerging employment opportunities. Slowdowns, particularly in the resource exploration sector, can lead to downturns in the secondary

industries that support this exploration, such as transport, food and camp services, and procurement.

CanNor provided almost $20 M in contribution funds that supported 97 projects under Business Development. Below are examples from each region of projects funded under this program.

Nunavut: CanNor provided the Government of Nunavut with $85,000 in funding to support a renewal of Nunavut's Fishing Strategy. With the identification of new opportunities, the five-year renewal strategy focuses on aligning research efforts with community economic benefits.

NWT: The NWT Metis-Dene Development Fund (MDDF) loan portfolio received a substantial infusion of capital ($1 M in 2013-14) as a loan capitalization to ensure increased demands for financial and after care services for small businesses in remote communities are met, especially in the Inuvik, Gwichin, Sahtu and Dehcho regions of the Northwest Territories. The MDDF has disbursed over $15.9 M in loans since 1991 to more than 250 small businesses with a repayment efficiency of 95.14%. National Aboriginal Capital Corporation Association (NACCA) data shows that each Aboriginal Financial Institution loan supports the creation or maintenance of 2.5 FTEs, with part-time and seasonal jobs counted as 0.4 FTE.

Yukon: With $658,921 in multi-year funding to 2013-14, the Yukon Business Development Project, under the Whitehorse Chamber of Commerce, undertook a number of initiatives to enhance the capacity of both employees and employers. As a result, two First Nation Business Development Corporations, six corporation subsidiaries, and 14 private companies received assistance by having either a comprehensive or an updated business assessment conducted to identify strengths, weaknesses and potential areas of opportunity. Program activities included delivery of Business Development Bank of Canada training modules; program funding for the Business Training Fund; development of a Women's Initiative in Self-Employment; development of a Small and Medium Enterprise (SME) Strategy; and stakeholder engagement and training to determine the needs related to training and education, research, communication, and issue management.

Sub-Program 1.1.1: Innovation and Knowledge

Description: Fostering innovation and knowledge is fundamental to increasing competitiveness of the North. Deepening knowledge of the particular economic challenges and opportunities facing the territories reduces business risks in areas such as marketing, planning and financing, while innovative technological and strategic responses to northern realities improve productivity. Through Strategic Investments in Northern Economic Development (SINED), a contributions program focused on economic development in the territories, CanNor makes investments in Innovation and Knowledge activities – such as studies to better understand and assess economic opportunities, information-sharing workshops and conferences, and development of

marketing materials. Interventions may also assist northern applications to national programs in areas such as alternative energy.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
1,278,599	1,298,403	19,804

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
1	1	0

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Strengthened northern innovation/knowledge	Labour productivity	Labour productivity equal to or better than the Canadian annual growth rate	Territories -1.17% Canada +1.18%

Performance Analysis and Lessons Learned

Canada's territories consistently record higher labour productivity than the Canadian average. In 2013, hourly territorial labour productivity averaged $66.67, a 1.2% decrease from 2012's average of $67.45 per hour. In comparison, there was a positive annual rate of change in Canada, with hourly national labour productivity averaging $55.30 in 2013, an 8.4% increase over 2012's average of $51.00 per hour. This decrease in the territorial average, combined with a pan-Canadian increase, indicates that the territories' rate of annual change in productivity was lower than Canada's in 2013.

CanNor provided over $1.1 M in contribution funds that supported 15 projects under the Innovation and Knowledge Sub-Program. Below are examples from each region of projects funded under this sub-program.

NWT: CanNor provided funding support to AgNorth: $270,000 in 2012-13 and $210,000 in 2013-14. AgNorth was developed by the University of Guelph's Controlled Environment Systems Research Facility and COM DEV, a private international company headquartered in Ontario. AgNorth is a modular farm that optimizes plant growth through spectrum-tuned Light Emitting Diode (LED) lighting and a nutrient-monitored hydroponic solution, and is able to grow produce year-round in the North. CanNor's

funding supported the market study, business case, and initial work toward a northern pilot project. Market study results revealed that almost 8 million kg of fresh produce is shipped into, and sold across, the territory in a given year and that several high-value crops could be produced locally using AgNorth.

Yukon: Yukon College, through the Yukon Research Centre Cold Climate Commercial Product Innovation Project, received $190,550 in funding from CanNor to support six innovative cold climate projects proposed by private sector applicants. Each of the projects has the potential to support or lead to the development of commercially viable products that will provide a higher quality or lower cost solution to an existing problem in their targeted market segment. The projects included remote location solar power; mine reclamation research; a bio-char manufacturer prototype; mine waste water treatment improvement; and laboratory equipment purchases.

Sub-Program 1.1.2: Entrepreneurship

Description: Fostering an environment in support of private business and a culture of entrepreneurship expands participation in economic activity, both for Aboriginal entrepreneurs and for all Northerners. Such assistance is key to longer-term diversification of territorial economies. CanNor makes interventions to foster the growth and prosperity of small and medium enterprises (SMEs) through application-based contribution programs. For example, Strategic Investments in Northern Economic Development (SINED) is a program of general application which chiefly provides foundational investments benefitting businesses across sectors or regions (for instance, increasing the capitalization of developmental lending organizations). The Aboriginal Business Development Program (ABDP) provides additional direct assistance to Aboriginally owned and controlled businesses.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
2,541,727	697,685	(1,844,042)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
2	1	(1)

Some funding from this Sub-Program was reserved to provide $1.1 M for the Centre for Northern Innovation in Mining (CNIM) project under the Sectoral Development Sub-

Program. The CNIM project funding, coupled with the proposal-driven nature of contribution funding, accounts for under-spending in this Sub-Program.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Sustainable new and/or expanded northern and Aboriginal businesses	Percentage of northern and Aboriginal (individual or community-owned) businesses supported by the Agency that are still operating after three years	38%	94%

Performance Analysis and Lessons Learned

The Agency surpassed the 38% target significantly, with a result of 94% of northern or Aboriginal businesses supported that were still operating after three years in 2013.

CanNor provided over $635,000 in contribution funds that supported eight projects under the Entrepreneurship Sub-Program. With no applications received in NWT, CanNor re-directed the funding to the Yukon region for CNIM. Below are examples for each region of projects funded under this sub-program.

Nunavut: CanNor funded Arctic Fisheries Alliance L.P. for an exploratory fisheries project which involved assessing the commercial viability of fishery resources near Grise Fiord and Qikiqtarjuaq, Nunavut.

Yukon: CanNor funding provided assistance to an Aboriginal entrepreneur for the development of a business plan and valuation to acquire an established seamstress business in Whitehorse. Funds also supported upgrades to the facility.

Sub-Program 1.1.3: Sectoral Development

Description: CanNor strategically targets key existing, expanding and emerging sectors in order to leverage the growth potential of established activity such as resource extraction, while encouraging development of smaller sectors such as tourism and cultural industries. Diversification through development of new sectors, products, and markets to broaden the economic base will reduce the territories' vulnerability to the boom-bust cycles of resource development projects. CanNor interventions are through application-based contribution programs. Strategic Investments in Northern Economic Development (SINED) is a program of general application which makes wide-ranging investments. These could include, for example, the development of sectoral strategies; regional resource inventories; support for the creation of technology clusters; and new

product development and marketing assistance through existing mechanisms. In addition, the Strategic Partnerships Initiative (SPI) enables public and/or private Aboriginal organizations to negotiate arrangements which increase Aboriginal participation in important areas within the territorial economies such as activity in the mining and energy sectors.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
18,786,674	19,083,639	296,965

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
12	14	2

A portion of the Actual Spending is related to the CNIM project ($1.1 M). The CNIM funding offset unspent funding under this Sub-Program. CanNor's funding programs are proposal-driven; therefore, some years some programs may be under-subscribed or, as is the case in 2013-14, over-subscribed.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Economic diversification into multiple sectors	Percentage of program investments not linked to resource development	Between 10 and 25%	81%

Performance Analysis and Lessons Learned

Investments in sectors which diversified the economy were significantly higher than targeted (81% versus a target of 10-25%) due to the significant cooling off of the mineral exploration sector in 2013. As a result of falling commodity prices, mineral exploration and extraction projects were down 41% from the previous year's spending, which had already shown a decline. CanNor's efforts to help diversify the economy by investing in other sectors can help insulate the territorial economies from the boom-bust cycle associated with resource extraction.

CanNor furthered its sectoral development work by participating in the development of the NWT Economic Opportunities Strategy[7], the Nunavut Economic Strategy[8] and, in the Yukon context, First Nations regional economic development planning. These strategies outline a framework to guide investment in their respective territories, and provide context to inform CanNor investments.

CanNor provided almost $18 M in contribution funds that supported 64 projects under the Sectoral Development Sub-Program. Below are examples for each region of projects funded under this sub-program.

Nunavut: CanNor re-invested in the Baffin Business Development Corporation (BBDC) in the amount of $1,500,000 for the purpose of revitalizing their Business Investment Fund, which was fully committed. Funding provided to BBDC is impacting widely across the 13 communities of the Baffin Region of Nunavut. Territorial economic development officials in all communities have continued access to counselling and support services from BBDC, and entrepreneurs and businesses whose lending requests would not normally be considered by traditional lending institutions have increased access to funding. The investment supports a wide array of business sectors such as the tourism, transportation, and service sectors (i.e., automotive and graphic design businesses).

NWT: The Government of the Northwest Territories received $510,000 in 2013-14 for their Geoscience Office to conduct research, gather data, and provide new geoscience knowledge in areas of high resource potential but poorly understood geology, or in areas with proven resources that would benefit from new exploration knowledge and ideas.

Yukon: The Yukon First Nations Tourism Association received $130,000 for their project to support the planning and delivery of the annual Adäka Cultural Festival and other development initiatives and programs that support the recipient's mandate to promote the development, improvement and diversification of tourism opportunities for Yukon First Nations. Activities and expenditures included labour and artistic fees and festival production, marketing and promotion.

Program 1.2: Community Development

Description: Supports community-level investments in infrastructure and organizations, and individual-level investments in skills and capacity development. The program's objective is the establishment of economically sustainable northern communities with a high quality of life for residents.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
20,357,119	20,357,119	21,121,362	19,798,350	(558,769)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
15	15	0

The $558,769 difference is a result of some of the contribution funding available for this Program having not been distributed during the year. CanNor's funding programs are proposal-driven; therefore, some years some programs may be over-subscribed or, as is the case in 2013-14, slightly under-subscribed.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increased well-being of northern communities	Index of income and labour force components in the Community Well-Being Index (CWBI)[9]	CWBI sub-indices scores equal to or better than the Aboriginal communities Canadian average	Territorial Average Rise in Disposable Income = 4.18% Canada Average Rise in Disposable Income = 3.50%

Performance Analysis and Lessons Learned

Aboriginal Affairs and Northern Development Canada (AANDC) uses a Community Well-Being Index (CWBI)[10] to measure the socio-economic conditions in First Nations and Inuit communities relative to other Canadian communities over time. The CWBI measures socioeconomic well-being in nearly every Canadian community in terms of per capita income, educational attainment, housing quantity and quality, and labour force participation and employment rates. CanNor identified the CWBI as a useful indicator to measure community development program activity, using two components: income and labour force. Because current statistical data is not available, CanNor relies on proxy

data instead. The estimate of disposable household income in each territory prepared by the Conference Board of Canada[11] in its most recent Territorial Outlook report is used in place of the CWBI income component, and data from Statistics Canada on the employment and labour force participation rates in each territory is used in place of the CWBI labour component.

The rise in disposable income as a proxy to community well-being reveals that territorial incomes rose more in 2013-14 than the Canadian average (4.18% versus 3.50%). This indicates that communities in the North are enjoying modest economic success, though the cost of living in the North remains higher than in the rest of Canada. This trend of territorial disposable income outperforming the Canadian average is confirmed when examining the change between 2009 and 2013, which shows a territorial rise of 21.91% versus a Canadian average of 16.83%.

CanNor provided over $17 M in contribution funds that supported 80 projects under the Community Development Program. Below are examples for each region of projects funded under this program.

Nunavut: CanNor funded the Hamlet of Kugluktuk in the amount of $64,000 for the purpose of developing a tourism development and implementation plan for the community. Completion of the plan enabled the community to explore options and costs to set up and operate an inbound receptive tour operation and to market the hamlet as an attractive destination to a specific market niche.

NWT: K'atlodeeche First Nation (KFN) was provided with $198,000 for the KFN Broadband Project. Building on the fibre build and advances in technology deployed on the reserve, the KFN project continued the fibre to connect to NorthwestTel using KFN expertise and training and developed new, exportable, primarily Aboriginal skilled workers in this tech sector.

Yukon: Tr'ondek Hwech'in First Nation received $309,757 for community planning and economic development projects, which included a final draft of their Regional Economic Development Plan for the Tr'ondek Hwech'in Traditional Territory pursuant to Chapter 22 of the Final Agreement between Canada, Tr'ondëk Hwëch'in First Nation and Yukon. During the planning process, a number of priority strategic initiatives were identified. This project undertook the recommended next steps to move forward with these activities, which included the UNESCO World Heritage Site feasibility assessment; Palace Grand Theatre's pilot season; arts and culture market's pilot season; Klondike Region Tourism Marketing Strategy and Klondike Visitors Association website; Tr'ondëk Hwëch'in heritage tourism; regional labour market development; local procurement strategy; enterprise facilitation; and the Dawson Downtown Core Revitalization Plan.

Sub-Program 1.2.1: Aboriginal Economic Development

Description: Under the new Federal Framework for Aboriginal Economic Development[12], CanNor creates and supports conditions that enable Aboriginal peoples and communities to identify and successfully pursue economic development opportunities. Interventions through Aboriginal economic development contributions programming ensure that Aboriginal communities and community economic development organizations have planning capacity and access to professional economic support and advisory services. An opportunity-driven component provides project-based support to communities for public services in economic development leading to community economic benefits.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
9,503,728	8,695,194	(808,534)

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
7	7	0

The $808,534 difference is a result of some of the total contribution funding available having not been distributed during the year. CanNor's funding programs are proposal-driven; therefore, some years some programs may be over-subscribed or, as is the case in 2013-14, slightly under-subscribed.

Performance Results[13]

Expected Results	Performance Indicators	Targets	Actual Results
Self-sustaining Aboriginal communities	A decrease in Aboriginal economic development community planning investments relative to business investments	Year over year comparison	Not applicable

Performance Analysis and Lessons Learned

2013-14 is the first year that CanNor has measured this performance indicator and, as such, it will serve as the baseline for comparison in future years. Therefore, actual results for a year over year comparison are not applicable for this report, but will be available in subsequent reports. For the baseline year, 2013-14, 92% of projects were related to community planning while 8% were investments related to business development. Going forward, the Agency's expected result is a reduction in community planning investments and an increase in business development investments.

CanNor provided over $7 M in contribution funds that supported 61 projects under the Aboriginal economic development Sub-Program. Below are examples for each region of projects funded under this sub-program.

Nunavut: CanNor funded the Qikiqtani Inuit Association in the amount of $350,000 for the purpose of completing a detailed technical development plan for nine hectares of Inuit-owned lands in Iqaluit, Nunavut. This project served as a catalyst for allowing Inuit in the Baffin region to maximize the economic development potential of community-owned resources.

NWT: The Inuvialuit Community Economic Development Organization received funding in the amount of $441,500 for economic development initiatives. This funding assisted in advancing the overall socio-economic well-being of the community by supporting the financing of community-managed activities and initiatives such as community economic development planning and capacity development initiatives, developing proposals, leveraging financial resources, and carrying out other economic development activities to increase Aboriginal capacity and economic participation.

Yukon: Liard First Nation Development Corporation, Dena Nezziddi Development Corporation, White River First Nation and Yukon Indian Development Corporation together received funding for economic development initiatives in the amount of $348,712. This Aboriginal economic development funding was used primarily to hire economic development officers to support economic development projects and activities identified in each recipient's operational plan.

Sub-Program 1.2.2: Capacity and Skills Development

Description: The northern workforce lacks many of the skills needed by business and industry, and most of the small industry associations or demographic groups have limited capacity to serve their members' needs. CanNor makes investments in capacity and skills development through the Strategic Investments in Northern Economic Development (SINED) contribution program. Investments in this area include gap-filling to support initiatives of non-federal departments/agencies and institutions of higher learning that have responsibility for the training and development of individuals and organizations; development of certification standards, curriculum and materials; support to industry organizations to strengthen their ability to service members (other than core funding); and

access by small and medium enterprises, communities and organizations/associations to expert advice/training in areas linked to economic development.

CanNor also invests in capacity and skills development through the Northern Adult Basic Education Program (NABEP). NABEP is a five-year contribution program that supports the territorial colleges in delivering an expanded suite of learning opportunities to working-age Northerners to enhance their basic education skills in order to enable them to obtain jobs or take further vocational training. NABEP funding aims to increase the adult educational capacity of northern colleges, providing northern adults with greater opportunities to obtain the essential skills that lead to jobs or further occupational training, and providing business with an expanded source of local labour. The program is designed to achieve results over the long term by leaving the colleges with a legacy of increased capacity for adult education. In addition, Aboriginal economic development programming provides contribution funding to support the capacity of Aboriginal communities to identify and serve members' economic interests.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
7,275,516	7,443,666	168,150

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
5	5	0

CanNor's funding programs are proposal-driven; therefore, some years some programs may be over-subscribed as is the case in 2013-14. This is offset by other under-subscribed sub-programs.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Increased capacity of Northerners to participate in the labour market	Percentage of improvement in labour market participation by Northerners	Improvement rate that is equal to or greater than the annual Canadian rate	Territories: -2.6% Canada: -0.5%

Performance Analysis and Lessons Learned

In 2013-14, the Canadian labour force increased in size by 1.1% over 2012-13, while the labour force participation rate declined by 0.2%, from 66.7% in 2012-13 to 66.5% in 2013-14. This downward trend was more pronounced in Canada's North. Across the territories, the labour force decreased in size by 2.4%, from 61,400 in 2012-13 to 59,900 in 2013-14. The territorial labour force participation rate dropped by 2.7% from 75.7% in 2012-13 to 73% in 2013-14. Despite this decrease, the labour force participation rate across the territories remains 6.5 points higher than the pan-Canadian average.

Under the Capacity and Skills Development Sub-Program, CanNor provided $6.5 M in contribution funds that provided support to the three territorial colleges under NABEP. Funding through NABEP enabled the colleges to offer an expanded suite of learning opportunities to working-age Northerners in order to enhance their basic education skills. Other contribution programs delivered by the Agency also provided smaller-scale funding geared toward improving capacity and skills. Below are examples for each region of some of the smaller-scale projects funded under this sub-program.

Nunavut: CanNor funded the Inuit Heritage Trust in the amount of $40,000 for the purpose of expanding and strengthening Nunavut's heritage workforce. The project provided fundamental capacity development in the heritage, tourism and arts and crafts sectors, serving as a building block for participants' professional development.

NWT: Deninu K'ue First Nation (DKFN) received $71,750 for organizational development to improve governance procedures. Policy and procedures are essential for operational stability and business continuity. This capacity development and governance improvement project was intended to enable the DKFN and Deninu Ku'e Development Corporation (DKDC) to maximize economic opportunities for its members. The expected results of the project include improved operational procedures, frameworks for working together and capacity of the organizations; enhanced opportunity readiness; and effective governance at the community level.

Yukon: Yukon Mine Training Association received a total of $80,501 (2012-13 and 2013-14) to develop and deliver a two-day Community Mining Awareness Workshop to 85 attendees, in eight Yukon communities. The primary objective of the workshop was to build awareness of the mining industry in Yukon communities, including mining impacts; economic benefits and opportunities for communities; as well as environmental, economic and social impacts. The workshop included local site visits to mine sites or exploration projects near the communities. It also highlighted business development and employment opportunities that accompany mining exploration and development, including how to access and benefit economically immediately and over the long term from those opportunities.

Sub-Program 1.2.3: Infrastructure

Description: CanNor funds the growth and enhancement of northern economic infrastructure by supporting the planning and development of multi-user physical

infrastructure projects that are important to economic growth in the North. Strategic Investments in Northern Economic Development (SINED) is a contribution program of general application which makes investments such as telecommunications investments that fill gaps not covered by other federal programming; small-scale public infrastructure investments that are tied to economic diversification (e.g., signage, technology enhancements, minor capital equipment purchases such as computers, local internet hardware, or for demonstrations or pilot purposes); and minor capital investments. Another contribution funding program, the Community Infrastructure Improvement Fund (CIIF), provides funding for the rehabilitation or improvement, including the expansion, of existing community infrastructure facilities such as community centres, recreational facilities and other existing community infrastructure assets that have a local community impact such as local roads, drinking water treatment and distribution systems, solid waste management and wastewater infrastructure.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
3,577,874	3,659,489	81,615

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
3	3	0

Performance Results[14]

Expected Results	Performance Indicators	Targets	Actual Results
Northern communities have increased quality infrastructure	Percentage of CanNor's investments into economic infrastructure studies that lead to infrastructure projects within 5 years	Target was under development in 2013-14	Not applicable

Performance Analysis and Lessons Learned
Because the target was under development during 2013-14, the actual results are not applicable. A 33% target was established for subsequent years. Over a five-year period, between 2009-10 and 2013-14, CanNor contributed funding toward 123 infrastructure studies (Yukon: 20, NWT: 90, Nunavut: 13). Eleven projects realized during the year were linked to previously funded studies and represent a rate of 9% of previously funded studies that led to infrastructure projects during 2013-14.

During the reporting year, CanNor provided over $3 M in contribution funds that supported 16 projects under the Infrastructure Sub-Program. Below are examples for each region of projects funded under this sub-program.

Nunavut: CanNor funded the Hamlet of Cape Dorset in the amount of $344,000 to complete design, development and construction plans for a new cultural centre and print shop. The project built upon Cape Dorset's international reputation in the arts and crafts sector and served as a milestone for moving the project forward from a conceptual standpoint to full construction.

NWT: The Government of the Northwest Territories received $100,000 in funding to hold the Pan-Territorial Permafrost Workshop in Yellowknife. The workshop objective supported enabling local, regional and territorial decision-makers to make sound plans and decisions regarding areas most likely to be affected by permafrost changes. This includes community planning and infrastructure, roads, airfields, pipelines, buildings, mining, waste sites, coastlines, and cultural sites. By achieving the Pan-Territorial Adaptation Strategy goals, the North can be better prepared for the biophysical and socio-economic impacts of permafrost change.

Also, the Children First Society - Inuvik received $500,000 CIIF funding in 2013-14, which leveraged $6,450,000, to complete a kitchen, common areas and equipment for early childhood care and education for the Inuvik Children's First Centre.

Yukon: Tr'ondëk Hwëch'in First Nation received $425,000 in CanNor funding to support the completion of the Cultural Centre Expansion Project over two fiscal years (2012-13 and 2013-14) related to the renovation of the existing Dänojà Zho Cultural Centre, which included signage and construction. CanNor funding leveraged an additional $640,000 in support of this project.

Program 1.3: Policy, Advocacy and Coordination

Description: Supports research and analysis to guide programming and policy choices, the promotion of northern interests both inside and outside of the federal government, and the development of horizontal strategies, initiatives and projects to address economic development challenges in the North.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
2,305,000	2,305,000	4,136,492	3,226,458	921,458

Human Resources (Full-Time Equivalents [FTEs])

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
14	22	8

The Policy, Advocacy and Co-ordination program received increased funding of $1.7 M in 2013-14 related to increasing the capacity and expanding the operations of the NPMO. Additional staff was hired in 2013-14 but, due to staffing challenges particularly for the northern offices, operating costs were lower than the available funds.

Performance Results

Expected Results	Performance Indicators	Targets	Actual Results
Policies, programs and initiatives that are effective, strengthen the northern Canadian economy and enable Northerners to access business and community development opportunities	Composite of performance indicators for business development and community development programs and initiatives	Meet or exceed at least 70% of targets identified in the Strategic Outcome and in Programs 1.1 and 1.2 and their related Sub-Programs	43%

Performance Analysis and Lessons Learned

The Agency met 43% of the targets identified for seven performance indicators it used this year to assess its Strategic Outcome, the Business Development and Community Development Programs and their related Sub-Programs. As described in the preceding sections, this result directly relates to the performance of the northern economy and businesses.

The Agency strengthened its policy, advocacy and coordination activities by developing and implementing tools and practices, such as the Agency's Strategic Framework[15], to support its work on advancing the efforts of all economic development partners and stakeholders. This activity and other aspects of CanNor's operations are informed through economic research and analysis, and by monitoring economic issues and opportunities on an ongoing basis.

CanNor brought a northern economic lens to federal government initiatives and activities, and will continue to facilitate and enable the alignment of key economic development activities in the North being undertaken by the Government of Canada as well as by other economic development stakeholders and partners. Under the auspices of Canada's chairmanship of the Arctic Council, the Agency headed a Task Force that facilitated the development of the Arctic Economic Council, which will foster business development in the Arctic by engaging in circumpolar cooperation, while providing a business perspective to the Council's work. CanNor provided analysis and input to Infrastructure Canada and P3 Canada aimed at ensuring northern stakeholders are eligible to access federal programming and at incorporating northern considerations into program design and eligibility criteria related to the New Building Canada Fund. The Agency also collaborated with Industry Canada on developing options for expanding broadband access and availability in the territories.

The Agency carried out significant engagement sessions with partners and stakeholders on the redesign of the Aboriginal economic development suite of programs. This work, coupled with in-depth policy analysis, ensured that the new Northern Aboriginal Economic Opportunities Program is reflective of the northern reality and has clear objectives, measurable results and reduced administrative burden for the Agency and partners, stakeholders and recipients alike.

Coordination and engagement of federal departments is a key component to ensuring a whole-of-government approach to resource development in the territories. To advance this coordinated approach, NPMO organized and chaired eight Resource Development Advisory Groups (RDAGs) over the year. RDAGs enable proponents to present their proposed projects to, and seek feedback from, the relevant regulatory boards and federal and territorial departments and agencies in advance of entering the review process.

Project committees, chaired by NPMO, met through the year in Yukon, Northwest Territories and Nunavut. These forums allow representatives from the federal and territorial governments and regulatory boards to convene and discuss issues related to the review process and resource development. Project-specific technical working groups

related to particular aspects of a project were also organized to facilitate the sharing of information between the proponents, federal and territorial departments, Aboriginal governments and organizations, and the implicated review boards.

The Community Readiness Initiative, developed by the NPMO, helps communities plan and prepare for major resource development prior to projects moving through the regulatory process. This initiative brings together partners in resource development including the territorial and federal governments, Aboriginal leadership and project proponents who together plan on how to maximize the positive socio-economic impacts of major projects. In 2013-14, NPMO moved from the development stage to the implementation stage of the Community Readiness Initiative and engaged in extensive socio-economic data gathering to inform future decision making under the initiative. While there were some community capacity challenges that impacted the pace of implementation, NPMO met with communities to develop community readiness plans and signed seven community readiness agreements.

Sub-Program 1.3.1: Policy

Description: CanNor's policy function informs departmental decision-making by providing a solid base of knowledge and understanding to develop effective programs and federal initiatives; to provide support for the development of the Agency's strategic priorities; to provide input to national policies; and to establish strategic partnerships with governments and stakeholders from the private and not-for-profit sectors. Specific policy-linked activities include policy and economic research, advice and analysis to provide evidence-based programming and policy choices, and the development of effective horizontal strategies, initiatives and projects to address economic development challenges in the North, as well as improve the overall performance of natural resource management systems.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
768,333	1,075,486	307,152

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
5	7	2

The increased spending and FTEs relates to the additional funding for the Northern Projects Management Office. Additional staff was hired in 2013-14 but due to staffing challenges particularly for the northern offices, operating costs were lower than the available funds.

Performance Results[16]

Expected Results	Performance Indicators	Targets	Actual Results
Well-informed, evidence-based policy decisions reflecting opportunities and challenges of the northern economy while considering business and community development potential and best practices	Percentage of clientele / partner / stakeholder satisfaction feedback	Target was under development in 2013-14	Not applicable

Performance Analysis and Lessons Learned

In 2013-14, the Policy performance indicator was under review and the target was under development. While the Agency has sought client satisfaction feedback in the past in relation to other Programs and Sub-Programs, no such structured feedback was sought in 2013-14 in terms of Policy performance. CanNor is moving to a more objective and regular assessment of performance by examining how the Agency performed against audits and evaluations that took place, and this will be reflected in subsequent reports.

During the reporting year, CanNor, through NPMO, undertook significant policy work supporting resource development in the North. A strong focus was placed on providing analysis and recommendations on new and amended legislation to government partners, as well as providing key information and analysis to industry stakeholders on the impact of these changes to major resource development projects.

NPMO has devoted significant effort to developing tools to better engage in socio-economic data gathering and research. This informed the analysis of community development as it related to proposed natural resource development. As well, this data has been used as a tool to develop community readiness plans for future government investment and activities.

The Agency launched its Strategic Framework[17] for 2013-18. The framework is designed as a roadmap that outlines the intended role and contribution of the Agency in advancing

northern economic development over five years. Its clarifies the Agency's priorities, programs and activities in a broader context, against the backdrop of ongoing and anticipated economic opportunities and challenges, while providing insights into essential partnerships and initiatives that CanNor can lead or coordinate to ensure progress towards common goals.

Policy work was undertaken to support the renewal of SINED. This work was instrumental to form the basis for launching a renewal process for the sunsetting program. Particular focus was placed on developing measurable performance indicators and expected outcomes.

Work was completed and approved for the harmonized NAEOP, which is fully opportunity-driven, focused on results and geared toward maximizing economic opportunities for Aboriginal communities and businesses. NAEOP is composed of two streams: Community Readiness and Opportunities Planning (CROP), focused on community planning for economic opportunities; and Entrepreneurship and Business Development (EBD), supporting Aboriginal entrepreneurship and business development.

CanNor provided significant financial and policy support during the development of the "Northern Connectivity – Ensuring Quality Communications" (2014) report[18]. The aim of this report was to identify measurable technical and financial solutions to ensure quality communication services in the North.

Sub-Program 1.3.2: Advocacy

Description: CanNor's advocacy function stems from the Agency's mandate to "foster regional economic development in Canada's three territories by advocating on behalf of the interests of Northern and Aboriginal people." Federal and non-federal decision-makers are required to be well-informed, understand and give appropriate consideration to the North's issues, and regional stakeholders and governments must remain well briefed with respect to federal government actions and opportunities that are relevant to the economic interests of the North. Through specific activities, such as strategic and sectoral partnerships, engagement, awareness and opportunities workshops, and agenda management, CanNor aims to align economic development activities in the North in a more effective manner and to advance northern industrial sectors (e.g., mining, energy), business and community interests with respect to program development, regulation, and federal economic policies.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
768,333	1,075,486	307,152

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
5	8	3

The increased spending and FTEs relates to the additional funding for the NPMO. Additional staff was hired in 2013-14 but, due to staffing issues particularly for the northern offices, operating costs were lower than the available funds.

Performance Results[19]

Expected Results	Performance Indicators	Targets	Actual Results
Northern business and community development interests are increasingly reflected in federal economic policies, programs and regulations	Extent of positive feedback from other federal departments / agencies / stakeholders / territorial governments	Target was under development in 2013-14	Not applicable

Performance Analysis and Lessons Learned

In 2013-14, the Advocacy performance indicator was under review and the target was under development. While the Agency has sought feedback from stakeholders in the past in relation to other Programs and Sub-Programs, no structured feedback was sought in 2013-14 in terms of Advocacy performance given that this measure is being replaced with a more objective assessment of performance through a review of audits and evaluations that were performed in the particular year. Nevertheless, CanNor continued to hear from stakeholders while efforts were advanced to raise awareness of the unique opportunities presented in the North. For instance, based on regular engagement and discussions with companies, NPMO identified the challenges companies face in trying to secure the necessary financial investments to advance their projects. In response, NPMO hosted a half-day session at the Prospectors and Developers Association of Canada's (PDAC's) annual convention, focused on the resource development potential in Canada's North. The session brought together industry representatives, territorial government officials, and Aboriginal partners to talk about the current and future state of mining opportunities in the territories for an audience that included representatives from other countries attending PDAC. This session was well received by the Agency's partners, with consideration being made to making it an annual event.

Advocacy among federal departments is an important aspect of CanNor's work as programs of national application that are led by other organizations may, at times, not fully reflect the needs and realities of the North. The unique northern governance, limited human and financial capacity, geography and demography collectively result in a different policy context than what exists for most of the rest of Canada.

During 2013-14, CanNor engaged in the design of Infrastructure Canada's New Building Canada Plan. Through numerous engagements, meetings and submissions, CanNor helped to ensure that the design of the New Building Canada Fund would reflect the northern reality of shortened construction seasons and infrastructure priorities that are different from those of large, southern urban centers. This work influenced the inclusion of an infrastructure category known as "northern infrastructure", which is only applicable in the Territories and provides more flexibility to northern governments in terms of infrastructure priorities. In addition, CanNor's advocacy work helped to ensure that Inuit organizations involved in the construction and maintenance of local infrastructure would be eligible for funding under the New Building Canada Plan, and their eligibility is being considered under the P3 Canada Fund.

A key component of the work of NPMO is to provide advocacy for major project development in the territories by sharing information and advice with industry stakeholders, Aboriginal government partners, territorial government partners and the federal family. To this end, NPMO had over 100 interactions with stakeholder groups, providing a venue for discourse, information sharing and partnerships. NPMO also hosted eight Resource Development Advisory groups to bring together project proponents and regulators to provide avenues for information sharing, relationship building, and efficiency early in the regulatory review phase of major projects.

Sub-Program 1.3.3: Coordination

Description: CanNor's co-ordination function engages a range of economic actors (government, non-governmental organizations, Aboriginal organizations and private companies) to address the economic priorities of the North, and to leverage resources and investments by building partnerships and coordination with other federal departments. CanNor's coordination function is supported to a large extent by the Northern Projects Management Office (NPMO), established as a core program within CanNor to work with project proponents, federal departments, regional regulators and other authorities, with a view to addressing process bottlenecks and to improving the timeliness, predictability and transparency of federal regulatory participation in natural resources development projects in the three territories and the northern offshore. In the longer term, NPMO will also track the progress of northern projects in its portfolio through the entire life-cycle of the project, engage stakeholders and governments regularly on performance and operational policy practices and issues, and coordinate Aboriginal consultation efforts. More broadly, CanNor will forge strategic relationships with other federal departments and agencies to improve communication and co-ordination with a view to strengthening the economic

fundamentals of the North. As a federal focal point for investing in the North, CanNor will develop mechanisms to allow departments to identify common priorities and achieve synergies for maximum results.

Budgetary Financial Resources (dollars)

2013–14 Planned Spending	2013–14 Actual Spending	2013–14 Difference (actual minus planned)
768,333	1,075,486	307,152

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
4	7	3

The increase in spending and FTEs relates to the additional funding for the Northern Projects Management Office. Additional staff was hired in 2013-14 but, due to staffing issues particularly for the northern offices, operating costs were lower than the available funds.

Performance Results[20]

Expected Results	Performance Indicators	Targets	Actual Results
Increased efficiency, effectiveness and transparency in the management of federal environmental approval processes and other federal administrative processes	Percent of project agreements provided to federal regulators within 1 month of the project being submitted for screening with a northern regulatory board.	Target was under development in 2013-14	Not applicable

Performance Analysis and Lessons Learned

In light of recent changes introduced to legislation governing the northern regulatory system, NPMO undertook a thorough review of its existing project agreement templates. These documents are used to coordinate federal departments during regulatory reviews and the project agreement review helped ensure that any legislative amendments were reflected in the roles, responsibilities and activities of regulatory bodies. In addition, to

improve the project agreement process, new streamlined templates were developed, which are now comprised of two parts: a short, project-specific agreement that provides details on the individual major project and its associated timelines, which is approved by all federal regulators implicated in the specific project; and a comprehensive compendium, which does not change from one project to another, of roles and responsibilities for each federal organization involved in the northern regulatory process. The new templates are expected to be implemented in the coming year. The new measure for this Sub-program links to the project-specific agreements and targets 90% of these agreements being signed within one month of the project entering regulatory screening.

NPMO continued efforts to advance northern major projects as efficiently as possible by providing a coordinated whole-of-government approach to managing major projects. Currently, there are 33 projects across the three northern territories being coordinated by NPMO. To achieve these results, the NPMO:

- continued to provide a single window for information and guidance to project proponents and others regarding the applicable environmental assessment and regulatory requirements for northern projects, through active engagement and outreach with industry, government partners and Aboriginal organizations;
- concluded Memoranda of Understanding with the Government of Northwest Territories and the Qikiqtani Inuit Association with respect to the coordination and management of major projects and advancing associated community economic benefits;
- started to implement the Community Readiness Initiative to better support Aboriginal communities near major natural resource developments by reaching out to communities, signing seven agreements for funding and policy support, as well as working collaboratively with these communities and other partners to advance community readiness where major projects will be occurring;
- implemented tools to assist with project coordination and issues management such the "NPMO Tracker[21]", which acts as a public program management tool by providing the status of projects going through regulatory review;
- developed and implemented tools and processes in partnership with AANDC and the Department of Justice to better coordinate Government of Canada Crown consultation efforts, resulting in an improved working relationship between the Crown and Aboriginal groups potentially impacted by development activities; and
- continued to implement the NPMO governance structure, which includes a project committee in each territory, Resource Development Advisory Groups, and project-specific working groups.

Program 1.4: Internal Services

Description: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology

Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Budgetary Financial Resources (dollars)

2013–14 Main Estimates	2013–14 Planned Spending	2013–14 Total Authorities Available for Use	2013–14 Actual Spending (authorities used)	2013–14 Difference (actual minus planned)
6,522,014	6,522,014	6,186,731	6,674,942	152,928

Human Resources (FTEs)

2013–14 Planned	2013–14 Actual	2013–14 Difference (actual minus planned)
26	25	(1)

Performance Analysis and Lessons Learned

CanNor continues to receive a variety of administrative and financial services from AANDC and many of its human resource functions (staffing, labour relations and classification) from PWGSC and Shared Services Canada. MOUs with each of these organizations are in place and reviewed annually. CanNor worked extensively with AANDC and Health Canada on the implementation of the new financial system for both CanNor and AANDC. CanNor staff participates on Finance, HR, IM/IT and communications committees with their counterparts in the Regional Development Agencies (RDAs) to review current practices and procedures, identify areas for collaboration and share best practices.

CanNor continues to modify and implement processes to improve efficient processing of pay services provided by PWGSC Pay Services. CanNor is engaged with various external committees and works collaboratively with AANDC and PWGSC in relation to implementation of PeopleSoft 9.1 and Pay Modernization.

CanNor participated in the Common Human Resources Business Process (CHRBP) exercise and successfully implemented all seven process areas of the CHRBP. CanNor will continue to work to re-align processes as changes are implemented.

Finally, CanNor re-designed its external website, to comply with Government of Canada guidelines, to provide a better user experience, and to position the site as a hub for information about northern Canada. The Agency also began to migrate content to the Canada.ca site.

Section III: Supplementary Information

Financial Statements Highlights

Canadian Northern Economic Development Agency
Condensed Statement of Operations and Departmental Net Financial Position (unaudited)
For the Year Ended March 31, 2014 (dollars)

	2013–14 Planned Results	2013–14 Actual	2012–13 Actual	Difference (2013–14 actual minus 2013–14 planned)	Difference (2013–14 actual minus 2012–13 actual)
Total expenses	51,791,133	51,936,676	52,442,651	145,543	(505,975)
Total revenues	-	-	-	-	-
Net cost of operations before government funding and transfers	51,791,133	51,936,676	52,442,651	145,543	(505,975)
Departmental net financial position	3,474,997	927,939	1,115,992	(2,547,058)	(188,053)

Canadian Northern Economic Development Agency
Condensed Statement of Financial Position (unaudited)
As at March 31, 2014
(dollars)

	2013–14	2012–13	Difference (2013–14 minus 2012–13)
Total net liabilities	25,944,253	16,701,065	9,243,188
Total net financial assets	25,250,092	15,878,396	9,371,696
Departmental net debt	694,161	822,669	(128,508)
Total non-financial assets	1,622,100	1,938,661	(316,561)
Departmental net financial position	927,939	1,115,992	188,053

Total Expenses have remained relatively consistent over the last two years.

Operating expenses were higher than the previous year by $760,000. This increase is mostly due to the additional salary expenses resulting from the increased NPMO funding. Contribution payments overall were lower than last year by $1.3 M with the decrease relating to CanNor's funding programs being slightly under-subscribed.

A large percentage of CanNor's contribution funding is set up as an accrued liability at the end of the year. In 2013-14, a much larger than normal number of contribution payments were accrued, accounting for the large increase in total liabilities. This increases the financial assets by increasing the Due from the Consolidated Revenue Fund account accordingly. A large portion of these accrued payments were paid at the beginning of the new fiscal year.

Non-financial assets include leasehold improvements and vehicles for which the net value is decreasing mostly because of amortization expenses.

Financial Statements

CanNor's financial statements can be found on the Agency's web site.[22]

Supplementary Information Tables

The supplementary information tables listed in the *2013–14 Departmental Performance Report* can be found on the Canadian Northern Economic Development Agency's website.[23]

- Departmental Sustainable Development Strategy;
- Details on Transfer Payment Programs; and
- Internal Audits and Evaluations.

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the Tax Expenditures and Evaluations[24] publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

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Appendix: Definitions

appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates. A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to

continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

[1] CanNor's 2013-2018 Strategic Framework:
http://www.cannor.gc.ca/eng/1387761607523/1387762136873

[2] Justice Laws website:
http://laws-lois.justice.gc.ca/eng/acts/P-34/index.html

[3] CanNor's website:
http://www.cannor.gc.ca/eng/1351104567432/1351104589057

[4] Management Action Plan:
http://www.cannor.gc.ca/eng/1399390776763/1399391234069

[5] Whole-of-government framework:
http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre- eng.aspx

[6] *Public Accounts of Canada 2014*:
http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[7] NWT Economic Opportunities Strategy:
http://www.iti.gov.nt.ca/publications/northwest-territories-economic-opportunities-strategy

[8] Nunavut Economic Development Strategy:
http://www.nunavuteconomicforum.ca/public/strategy/index.php

[9] AANDC, "The Community Well-Being (CWB) Index: Methodological Details" (September 15, 2010):
https://www.aadnc-aandc.gc.ca/eng/1100100016585/1100100016598.
"Backgrounder – Update of the Community Well-Being (CWB) Index" (September 15, 2010):
https://www.aadnc-aandc.gc.ca/eng/1100100016582/1100100016583.

[10] See Note 9

[11] Conference Board of Canada:
http://www.conferenceboard.ca/

[12] Federal Framework for Aboriginal Economic Development:
http://www.aadnc-aandc.gc.ca/eng/1100100033498/1100100033499

[13] The Agency's Performance Measurement Framework was finalized in 2013-14. As such, a complete and comprehensive set of performance measures will be reported on in subsequent reports.

[14] See note 13.

[15] CanNor's 2013-2018 Strategic Framework:
http://www.cannor.gc.ca/eng/1387761607523/1387762136873

[16] See note 13.

[17] CanNor's 2013-2018 Strategic Framework:
http://www.cannor.gc.ca/eng/1387761607523/1387762136873

[18] Northern Connectivity – Ensuring Quality Communications" (2014) report
http://northernconnectivity.ca/resources/ncis_wg_report.pdf

[19] See note 13.

[20] See note 13.

[21] CanNor's NPMO Project Tracker
http://www.cannor.gc.ca/eng/1386601945416/1386601961383

[22] CanNor's Reports and Publications:
http://www.cannor.gc.ca/eng/1370435709347/1370436040329

[23] CanNor's Supplementary tables:
http://www.cannor.gc.ca/eng/1414600566089/1414600582022

[24] *Tax Expenditures and Evaluations* publication:
http://www.fin.gc.ca/purl/taxexp-eng.asp